

ANNUAL REPORT 1970

UNITED CORPORATIONS LIMITED

UNITED CORPORATIONS LIMITED

— Incorporated under the Laws of Canada

Directors

IAN A. BARCLAY
THOMAS N. BEAUPRÉ
G. DRUMMOND BIRKS
JAMES V. EMORY
CHARLES L. GUNDY
KENNETH S. HOWARD, Q.C.
ARTHUR F. MAYNE
J. STUART SPALDING, C.A.
IAN S. STEERS
ALAN E. TARR

Officers

J. V. EMORY, President
C. L. GUNDY, Vice-President
J. S. SPALDING, C.A., General Manager
R. B. WRIGHT, Assistant to the President
MISS I. WATERHOUSE, Secretary
R. A. M. SMITH, C.A., Treasurer
MISS E. CLAYTON, Asst.-Secretary and Asst.-Treasurer

UNITED CORPORATIONS LIMITED

To the Shareholders



Your Directors take pleasure in presenting the 38th Annual Report of your Company for the year ended December 31, 1970.

Balance Sheet (see page 5)

The aggregate market value of your Company's assets at December 31, 1970, was \$71,261,360 as compared with \$78,786,693 at the end of 1969. After provision for current liabilities of \$59,110 as against the previous year's figure of \$17,801 and allowing for the respective redemption prices of the outstanding Class "A" Shares and First Preferred Shares, the net equity value behind each of the three classes of shares was: —

Class "A" Shares — \$71,202,250 or \$1,363.06 per share

First Preferred Shares — \$69,635,140 or \$348.17 per share

Class "B" Shares — \$63,455,575 or \$18.04 per share

The figure of \$18.04 per Class "B" Share was down from \$20.20 at the end of the previous year reflecting continued unsettled market conditions to which reference will be made later in this report. It should also be remembered that our net equity value is affected by the dividend policy instituted in January, 1968, to the extent that dividends declared exceed net income.

Statement of Income (see page 6)

Gross income after withholding taxes was \$2,708,616, up from \$2,575,542 in 1969. Operating expenses were \$303,-

083 as against \$277,012. Net income after all charges including income taxes increased to \$2,359,533 from \$2,244,030 in the previous year. The 1970 figures for both gross and net income set new records but there were two unusual factors in those results. The first of these was the change in accounting procedure in dealing with dividend income from a cash to an accrual basis to which reference was made in last year's annual report. The second was the fact that, because of the uncertain market conditions which prevailed during the first half of 1970, we were carrying a larger than normal percentage of our portfolio in high-yielding reserves. Because this same combination of circumstances will not pertain to 1971, it is unlikely that we will be able to maintain our net income at the 1970 level. Under our present dividend policy, however, this should cause no great concern to shareholders.

Statement of Surplus (see page 6)

After provision for dividends on the Class "A" and First Preferred Shares, net income available for the Class "B" Shares increased to a new high of \$1,981,178, up from \$1,865,674 in 1969. On the basis of the 3,515,873 Class "B" Shares outstanding at the end of both years, net income per share in 1970 amounted to 56.3¢ as against 53¢ in 1969.

To the Shareholders *cont'd*

Cash dividends declared and paid on the Class "B" Shares during 1970 totalled \$1,863,413, up from \$1,827,503 the previous year. After provision for all dividends, the addition to accumulated net income was \$117,765 which when added to the \$441,585 available at the beginning of the year, produced a year-end figure for accumulated net income of \$559,350.

As might be expected in view of the market conditions commented upon later, sales of investments during the year resulted in a net loss of \$2,108,632 as compared to a profit of \$6,445,801 in the prior year. Deduction of this figure from the balance of accumulated net realized gains on investments of \$54,283,360 at the beginning of the year produced a balance at the end of the year of \$52,174,728 and the further deduction of the stock dividend of \$1,230,555 paid during the year left \$50,944,173 in accumulated net realized gains on investments as of the end of 1970.

Combining the year-end figures for accumulated net income and accumulated net realized gains produced an overall surplus of \$51,503,523 at the end of 1970, down from \$54,724,945 at the end of the previous year.

Unrealized appreciation in market value of investments declined during the year from \$11,649,889 to \$7,304,669 so that the combined figure for surplus and unrealized appreciation

in market value of investments as shown in the balance sheet was reduced from \$66,374,834 to \$58,808,192.

Dividends

Class "A" dividends totalling \$78,355 were declared and paid during 1970. Dividends declared and paid on the two outstanding series of First Preferred Shares amounted to \$300,000.

Quarterly dividends declared and paid on the Class "B" Shares during 1970 consisted of four regular dividends of 12¢ per share plus two extra dividends of 2¢ each for a total of 52¢ per share. In addition, as part of our dividend policy first announced in January, 1968, extra dividends of 1¢ per share in cash and 35¢ per share in the form of 3% Non-Cumulative Redeemable Second Preferred Shares of the par value of 5¢ per share were declared in January, 1970. These Preferred Shares were immediately redeemed and the proceeds of the redemption were, we are informed, not subject to Canadian federal or provincial income tax. Class "B" dividends declared and paid in 1970 therefore consisted of 53¢ per share in cash and 35¢ per share in stock for a total of 88¢ per share.

As reported in the interim report to shareholders dated January 15, 1971, the average unaudited month-end net equity value per Class "B" Share for 1970 was \$17.24. A 4% yield on this figure called for total dividends applicable to the year's operations of 69¢ per Class "B" Share of which 52¢ per share had already been declared and paid during 1970 in the form of

quarterly dividends. Accordingly, in January, 1971, your Directors declared, in addition to a quarterly dividend of 12¢ per Class "B" Share, an extra dividend of 2¢ per share in cash and 15¢ per share in the form of immediately redeemable Second Preferred Shares. We are advised that, as was the case in 1970, the proceeds of redemption of this stock dividend constituted a payment of capital to shareholders and, as such, should not be subject to Canadian federal or provincial income taxes.

Portfolio and Investment Policy

The detailed portfolio of investments held by your Company at the end of 1970 is set out on pages 12 to 14 of this report and the distribution of investments, together with pro-forma balance sheets for the last five years showing changes in portfolio weighting will be found on page 11. From the latter it will be seen that we were more heavily committed to equities at the end of 1970 than had been the case at the end of any of the prior four years.

It was pointed out in last year's Annual Report that adoption of the present dividend policy had, as hoped, resulted in a narrowing of the discount between the market price and the net equity value of our Class "B" Shares over the two-year period from the end of 1967 to the end of 1969 from 32% to just over 18%. It is encouraging to note that, despite the far from ideal stock market climate in

1970, the discount on our shares held at approximately the 1969 year-end level.

Record of Asset Valuations and Income

The customary record of your Company's progress during the thirty-eight years of its existence will be found on pages 8 and 9 of this report and a graphical record of net equity values and dividends per Class "B" Share over the last twenty-five years is on the inside of the back cover.

As has been pointed out in previous Annual Reports, the investment policy of your Company was changed in 1962 from that of maintaining a "balanced" portfolio to a basically common stock orientation and for that reason we feel that the investment results achieved since December 31, 1961, are of particular significance. It should be remembered, however, that the nine year period involved is an unusual one in many respects. December, 1961, marked the high of the stock market prior to the major decline which took place in 1962 while at the end of 1970 the market had only partially recovered from what was, in the judgment of most experienced observers, the worst bear market in the post-war years and, by many measurements, the worst since 1929.

Between December 31, 1961, and December 31, 1970, the Toronto Stock Exchange Industrial Index rose by 26%. During the same period the Dow Jones Industrial Average advanced by 15% and the Standard & Poor's

Composite Index by 28%. By comparison, our net equity value per Class "B" Share increased from \$11.77 to \$18.04 or by 53% without adjustment for the substantial extra dividends declared during the last three years amounting to 98¢ per share. If this is added to the December 31, 1970, net equity value per share, the adjusted figure becomes \$19.02 and the percentage increase 62%.

Subsidiary and Associated Companies

Mention has been made in previous Annual Reports of our wholly-owned subsidiary, United Bond & Share Limited and our associated companies, Interior Trust Company and International Capital Corporation Ltd. both of which are jointly owned with The Royal Bank of Canada.

While these companies are not directly involved with the traditional and continuing role of your Company as a portfolio investment company, they are playing an increasingly important part both as a source of present and future income and in providing the growth potential necessary to attract and hold the kind of competent people required to produce superior investment results in an increasingly complex and competitive environment.

Because of the growing importance of this facet of our operations, your

Directors have decided to increase the capital of United Bond & Share Limited and to transfer to it the shares of Interior Trust Company and International Capital Corporation Ltd. at cost. This investment totalling \$2 million will be removed from the portfolio of the parent company and will henceforth be carried as a separate item on its balance sheet. In addition to becoming the holding company for the non-portfolio investments of your Company, United Bond & Share will also become the management company for all of our operations and will charge United a management fee to be determined on a periodic basis by your Board of Directors. The end result over a period of time should be a progressive reduction in the direct management expenses paid by your Company.

With respect to their 1970 operations, all three of the companies under discussion continued to make progress. Despite the difficult market conditions already commented upon, the gross income of United Bond & Share Limited reached a new high and RoyFund Ltd., the mutual fund operated in association with The Royal Bank of Canada, finished the year with both its total net assets and the number of its shares outstanding at a new high. Interior Trust remained dormant during the year insofar as the usual operations of a trust company are concerned, but RoyMor Ltd., the voting shares of which are 50% owned by Interior Trust, showed continued material growth with assets exceeding \$90 million at the end of the year.

International Capital Corporation Ltd. also continued to expand its activities and is involved in a number of special situations which hold considerable promise for unusual growth over the next few years.

Employee Stock Option Plan

No options were granted or exercised during 1970 so that, at the end of the year, there were options outstanding for 55,000 Class "B" Shares and an additional 63,520 shares were reserved and available for further options under the Plan. In January, 1971, your Directors granted options under the Plan in respect of a total of 25,000 Class "B" Shares at a price equal to 90% of the quoted market value at the date of granting to two senior officers of the Company, such options being exercisable over a period of ten years conditional upon continued employment.

Directors and Officers

At the Annual Meeting held April 20, 1970, J. S. Spalding, C.A. the General Manager of your Company, and I. S. Steers of London, England were elected Directors. At the Directors' meeting following the Annual Meeting, R. A. M. Smith, C.A. was appointed Treasurer. Miss I. Waterhouse, who had reached normal retirement age after thirty years of outstanding service, for the last seventeen of which she held the office of Secretary and Treasurer, agreed to continue as Secretary of your Company at the request of the Directors.

On behalf of the Directors,

J. V. EMORY,
President.

March 17, 1971.

AUDITORS' REPORT

We have examined the balance sheet of United Corporations Limited as at December 31, 1970, the statements of income, surplus, unrealized appreciation of investments and the statement of changes in net assets for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We verified the corporation's investments and cash on deposit at December 31, 1970 either by direct confirmations received from the custodians or by physical count.

In our opinion these financial statements present fairly the financial position of the corporation as at December 31, 1970, the results of its operations and the supplementary information on changes in net assets for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent (subject to the change in accounting for dividends from investments as described in Note 1 to the financial statements) with that of the preceding year.

Price Waterhouse & Co.
Chartered Accountants.

Montreal, February 8, 1971

UNITED CORPORATIONS LIMITED

Balance Sheet — December 31, 1970

Net Assets

	1970	1969
Assets:		
Investments, at market value (average cost 1970 — \$63,273,131; 1969 — \$64,577,991)	<u>\$70,577,800</u>	<u>\$76,227,880</u>
CURRENT ASSETS —		
Cash — including short-term notes, (1970 — \$175,000; 1969 — \$1,962,734)	312,446	2,123,366
Due from brokers on delivery of securities	4,190	243,015
Accrued income on investments (Note 1)	305,869	136,682
Other assets	61,055	55,750
	<u>683,560</u>	<u>2,558,813</u>
TOTAL ASSETS	<u>71,261,360</u>	<u>78,786,693</u>
Liabilities:		
CURRENT LIABILITIES —		
Due to brokers on delivery of securities	46,289	—
Income taxes	3,216	6,274
Other accounts payable	9,605	11,527
	<u>59,110</u>	<u>17,801</u>
NET ASSETS at market value	<u>\$71,202,250</u>	<u>\$78,768,892</u>

Shareholders' Equity

Capital stock (Notes 2 and 3):					
Authorized —					
52,237 Class "A" shares					
200,000 First preferred shares					
94,323,651 Second preferred shares					
(after redemption of 24,611,111 shares in 1970 — Note 4)					
6,000,000 Class "B" shares					
Issued —					
Class "A"	First preferred	Class "B"			
52,237	—	2,877,480	for a consideration of	\$ 119,384	\$ 119,384
—	200,000	—	" " " "	6,000,000	6,000,000
—	—	638,393	" " " "	6,274,674	6,274,674
<u>52,237</u>	<u>200,000</u>	<u>3,515,873</u>		<u>12,394,058</u>	<u>12,394,058</u>
Surplus (statement attached)				51,503,523	54,724,945
Unrealized appreciation in market value of investments				7,304,669	11,649,889
				<u>58,808,192</u>	<u>66,374,834</u>
				<u>\$71,202,250</u>	<u>\$78,768,892</u>

SIGNED ON BEHALF OF THE BOARD:

J. V. EMORY, Director

G. D. BIRKS, Director

Statement of Income for the year ended December 31, 1970

	<u>1970</u>	<u>1969</u>
INCOME:		
Dividends and interest (Note 1)	<u>\$ 2,736,177</u>	<u>\$ 2,622,394</u>
EXPENSES:		
Management expenses (Note 6)	<u>239,635</u>	<u>201,598</u>
Fees and expenses of trustee, registrar and transfer agents	<u>35,534</u>	<u>40,817</u>
Taxes other than income taxes	<u>4,433</u>	<u>5,846</u>
Legal and audit fees	<u>6,293</u>	<u>8,568</u>
Miscellaneous expenses	<u>7,688</u>	<u>10,302</u>
Staff pension plan (current premium)	<u>9,500</u>	<u>9,881</u>
	<u>303,083</u>	<u>277,012</u>
Income for the year before taxes	<u>2,433,094</u>	<u>2,345,382</u>
INCOME TAXES:		
U.S. withholding taxes	<u>27,561</u>	<u>46,852</u>
Provision for Canadian taxes	<u>46,000</u>	<u>54,500</u>
	<u>73,561</u>	<u>101,352</u>
Net income for the year (Note 1)	<u>\$ 2,359,533</u>	<u>\$ 2,244,030</u>
Net income per Class "B" share (after payment of Class "A" and First Preferred dividends) (Note 1)	<u>\$0.563</u>	<u>\$0.530</u>

Statement of Surplus for the year ended December 31, 1970

	<u>1970</u>	<u>1969</u>
ACCUMULATED NET INCOME:		
Balance, beginning of year	<u>\$ 441,585</u>	<u>\$ 403,414</u>
Net income for the year (statement attached)	<u>2,359,533</u>	<u>2,244,030</u>
	<u>2,801,118</u>	<u>2,647,444</u>
Less: Dividends (Note 4) —		
Class "A" shares	<u>78,355</u>	<u>78,356</u>
First preferred shares	<u>300,000</u>	<u>300,000</u>
Class "B" shares	<u>1,863,413</u>	<u>1,827,503</u>
	<u>2,241,768</u>	<u>2,205,859</u>
Balance, end of year	<u>559,350</u>	<u>441,585</u>
ACCUMULATED NET REALIZED GAINS ON INVESTMENTS:		
Balance, beginning of year	<u>54,283,360</u>	<u>48,890,821</u>
Add: Net (loss) gain on sale of investments	<u>(2,108,632)</u>	<u>6,445,801</u>
Balance, end of year	<u>52,174,728</u>	<u>55,336,622</u>
Deduct: Stock dividend —		
24,611,111 second preferred shares at 5 cents each — redeemed in February 1970 (Note 4)	<u>1,230,555</u>	<u>1,053,262</u>
	<u>50,944,173</u>	<u>54,283,360</u>
Total surplus	<u>\$51,503,523</u>	<u>\$54,724,945</u>

Statement of Unrealized Appreciation of Investments
for the year ended December 31, 1970

	<u>1970</u>	<u>1969</u>
Balance, beginning of year	\$11,649,889	\$23,288,187
Decrease during year	(4,345,220)	(11,638,298)
Balance, end of year	<u>\$ 7,304,669</u>	<u>\$11,649,889</u>

Statement of Changes in Net Assets
for the year ended December 31, 1970

	<u>1970</u>	<u>1969</u>
Net assets, beginning of year	\$78,768,892	\$84,930,355
Net income	2,359,533	2,244,030
Net realized (loss) gain on sale of investments*	(2,108,632)	6,445,801
Proceeds from issue of capital stock	—	46,125
(Decrease) increase in unrealized appreciation of investments	(4,345,220)	(11,638,298)

Dividends:

Cash	(2,241,768)	(2,205,859)
Second preferred shares — redeemed (Note 4)	(1,230,555)	(1,053,262)
Net assets, end of year	<u>71,202,250</u>	<u>78,768,892</u>
 Deduct: Redemption value of Class “A” and first preferred shares	 7,746,675	 7,746,675
Net assets, applicable to Class “B” shares	<u>\$63,455,575</u>	<u>\$71,022,217</u>
Number of shares outstanding at year end	<u>3,515,873</u>	<u>3,515,873</u>
Net asset value per Class “B” share	<u>\$ 18.048</u>	<u>\$ 20.20</u>

*Aggregate proceeds from sale of investments	<u>\$17,331,244</u>	<u>\$19,255,376</u>
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Deduct: Cost of investments sold —

Aggregate cost of investments owned at beginning of year	64,577,991	58,997,072
Aggregate cost of purchases of investments	18,135,016	18,390,494
	<u>82,713,007</u>	<u>77,387,566</u>
Aggregate cost of investments owned at end of year	<u>63,273,131</u>	<u>64,577,991</u>
	<u>19,439,876</u>	<u>12,809,575</u>
Net realized (loss) gain on sale of investments	<u>\$ (2,108,632)</u>	<u>\$ 6,445,801</u>

UNITED CORPORATIONS LIMITED

Record of Asset Valuations and Income

(Class "B" Share figures have been adjusted to reflect subdivisions of 4 for 1 in April, 1953, and 3 for 1 in June, 1964)

Year Ended Dec. 31	Net Asset Value	Principal Amount of Bonds Outstanding	Net Equity for Class "A" & Pfd.	Class "A" & Pfd. Shares at redemption price (a)
1933	\$ 6,120,481	\$ 4,498,900	\$ 1,621,581	\$ 2,000,404
1935	9,378,287	4,498,900	4,879,387	2,161,079
1937	9,541,981	4,498,900	5,043,081	1,928,100
1939	9,843,775	3,705,400	6,138,375	1,588,050
1941	8,174,586	3,598,900	4,575,686	1,588,050
1943	9,746,273	3,000,000	6,746,273	1,579,800
1945	14,443,864	2,800,000	11,643,864	1,579,800
1947	13,668,485	2,600,000	11,068,485	1,579,800
1949	14,771,960	2,400,000	12,371,960	1,567,110
1951	20,391,615	2,200,000	18,191,615	1,567,110
1952	19,359,943	2,000,000	17,359,943	1,567,110
1953	19,130,077	1,900,000	17,230,077	1,567,110
1954	25,100,871	1,800,000	23,300,871	1,567,110
1955	29,014,916	1,700,000	27,314,916	1,567,110
1956	28,054,394	1,316,300	26,738,094	1,567,110
1957	24,446,536	878,900	23,567,636	1,567,110
1958	30,381,268	—	30,381,268	1,567,110
1959	38,196,704	—	38,196,704	3,975,810
1960	37,599,824	—	37,599,824	3,975,810
1961	44,351,503	—	44,351,503	3,975,810
1962	41,868,337	—	41,868,337	3,975,810
1963	52,320,937	—	52,320,937	7,746,675
1964	62,860,580	—	62,860,580	7,746,675
1965	66,117,062	—	66,117,062	7,746,675
1966	63,155,547	—	63,155,547	7,746,675
1967	74,756,817	—	74,756,817	7,746,675
1968	84,930,355	—	84,930,355	7,746,675
1969	78,768,892	—	78,768,892	7,746,675
1970	71,202,250	—	71,202,250	7,746,675

(a) Including Class "A" dividend arrears of \$ 72,304 in 1933
Including Class "A" dividend arrears of \$232,979 in 1935

(b) Denotes red figures.

(c) Class "A" dividends paid:

1933 \$ —
193550
1937 4.125
1939 to date . . . 1.50 per year



Net Equity for Class "B"	Net Equity for Class "B" per share	Net Income for the year	Dividends on Class "A" and Pfd. Shares (c)	Net Income Available to Class "B" Shares	Net Income per share Class "B"	Dividends Declared per share Class "B"
\$ 378,823(b)	\$ 0.13(b)	\$ 72,510	\$ 72,304	\$ 206	\$ —	\$ —
2,718,308	0.94	83,252	96,405	13,153(b)	.005(b)	—
3,114,981	1.08	205,196	96,405	108,791	.038	—
4,550,325	1.58	139,462	80,978	58,484	.020	—
2,987,636	1.03	160,968	79,403	81,565	.028	.02
5,166,473	1.79	156,727	78,990	77,737	.027	.025
10,064,064	3.49	252,049	78,990	173,059	.060	.06
9,488,685	3.29	417,965	78,990	338,975	.118	.11
10,804,850	3.75	463,389	78,356	385,033	.134	.13
16,624,505	5.77	656,437	78,355	578,082	.201	.20
15,792,833	5.48	692,112	78,356	613,756	.213	.21
15,662,967	5.44	717,206	78,356	638,850	.222	.22
21,733,761	7.55	777,697	78,356	699,341	.243	.23
25,747,806	8.94	810,692	78,355	732,337	.255	.25
25,170,984	8.74	857,145	78,355	778,790	.271	.27
22,000,526	7.64	912,771	78,355	834,416	.290	.27
28,814,158	10.01	976,297	78,356	897,941	.312	.27
34,220,894	10.02	978,793	78,355(e)	900,438(e)	.313(d)	.30
33,624,014	9.85	1,308,461	198,790(e)	1,109,671(e)	.325	.30
40,375,693	11.77	1,315,655	198,790	1,116,865	.326	.32
37,892,527	11.01	1,340,004	198,790	1,141,214	.332	.32
44,574,262	12.84	1,509,951	330,800(e)	1,179,151(e)	.340	.33
55,113,905	15.87	1,726,160	378,356	1,347,804	.388	.37
58,370,387	16.80	1,881,460	378,356	1,503,104	.433	.41
55,408,872	15.94	1,961,783	378,356(f)	1,583,427	.455	.44(g)
67,010,142	19.11	2,118,885	378,356	1,740,529	.496	.46
77,183,680	21.98	2,093,460	378,356	1,715,104	.488	.72
71,022,217	20.20	2,244,030	378,356	1,865,674	.530	.82
63,455,575	18.04	2,359,533	378,355	1,981,177	.563	.88

(d) Does not include 534,393 Class "B" Shares issued December 23, 1959.

(e) Excluding dividends declared on Class "A" Shares in 1959 and on Preferred Shares in 1960 and 1963, in excess of their respective regular annual rates.

(f) Includes full annual dividends on Class "A" and Preferred Shares though only three quarterly dividends were declared.

(g) Includes extra dividend of 4¢ per share declared in January, 1967.

Notes to Financial Statements

December 31, 1970

Note 1:

Commencing January 1, 1970 the company changed from a cash to an accrual basis of accounting for dividends from investments. As a result of this change accrued investment income at December 31, 1970 and dividend income for the year then ended as shown by the accompanying financial statements have been increased by \$244,106 (\$0.069 per Class "B" share).

Note 2:

Class "A" shares, without nominal or par value, are preferred as to cumulative dividends of \$1.50 per share per annum, and as to assets on winding up to the extent of \$30 per share plus accrued and unpaid dividends.

The 5% cumulative redeemable first preferred shares of the par value of \$30 per share, are preferred over the 3% non-cumulative redeemable second preferred shares and the Class "B" shares as to cumulative dividends and as to repayment of capital, accrued dividends and specified premiums on winding up, but are subject and subordinate to the Class "A" shares of the corporation. The first series of these preferred shares consists of 80,290 5% cumulative redeemable first preferred shares, 1959 series, redeemable (on not less than 30 days' notice) and repayable on winding up at par plus accrued dividends. The second series consists of 119,710 5% cumulative redeemable first preferred shares, 1963 series, redeemable (on not less than 30 days' notice) and repayable on winding up at \$31.50 plus accrued dividends.

The 3% non-cumulative redeemable second preferred shares of the par value of 5 cents per share are subject and subordinate to the Class "A" and the first preferred shares as to payment of dividends and repayment of capital.

The Class "B" shares are without nominal or par value.

Note 3:

No options were exercised or granted under the employees stock option plan during the year ended December 31, 1970. Options for 55,000 Class "B" shares are outstanding and an additional 63,520 shares have been reserved for further options under the plan. Purchase options are exercisable at prices equal to 90% of the quoted market value (average price of \$15.43 per share) at dates of granting.

Note 4:

In 1970 the company paid quarterly cash dividends aggregating 53 cents per share and a stock dividend in the form of 7 of its 3% non-cumulative redeemable second preferred shares of the par value of 5 cents each (equivalent to 35 cents per share) to the holders of the Class "B" shares. The second preferred shares which were issued as a stock dividend were redeemed at par (\$1,230,555) out of accumulated realized investment gains on January 13, 1970.

Payment of the combined cash and stock dividends amounting to 88 cents per Class "B" share (82 cents in 1969) is in accordance with the company's policy to pay in respect of each year dividends equivalent to a yield of approximately 4% on the average month-end equity value of the Class "B" shares for the 12 months of the preceding year.

Dividends declared on January 15, 1971 on the Class "B" shares included an extra cash dividend payable on February 15, 1971 of two cents per share and a stock dividend (equivalent to 15 cents per share) in the form of 3 of the 3% non-cumulative redeemable second preferred shares of 5 cents par value per share payable on February 12, 1971 to holders of record as at January 29, 1971. These second preferred shares will be redeemed at par for cash on February 15, 1971.

The company has been advised that under income tax laws presently in force the proceeds of redemption of the second preferred shares declared as stock dividends will constitute a payment of capital and as such will be exempt from Canadian income taxes.

Note 5:

The accounts of the wholly-owned subsidiaries, United Bond & Share Limited and RoyFund Distributors Ltd., have not been consolidated with those of United Corporations Limited because the amounts involved are not significant.

Note 6:

The remuneration of 9 directors and former directors amounted to \$15,200; remuneration of 7 officers amounted to \$150,687. Three of the officers are also directors of the company. The foregoing amounts include \$79,424 allocated to United Bond & Share Limited.

UNITED CORPORATIONS LIMITED

Pro-Forma Balance Sheets

(all investments at market)

Portfolio

	December 31				
	1970	1969	1968	1967	1966
Cash, etc., Short Term Notes & Bonds . . .	\$ 5,405,410	\$ 9,495,238	\$10,885,790	\$ 8,893,939	\$ 9,723,898
Less: Liabilities	59,110	17,801	3,097,356	1,164,479	277,145
Quick Reserves	5,346,300	9,477,437	7,788,434	7,729,460	9,446,753
Preferred Stocks	854,775	823,031	933,909	2,469,406	2,678,201
Total Reserves	6,201,075	10,300,468	8,722,343	10,198,866	12,124,954
*Common Stocks & Convertibles	65,001,175	68,468,424	76,208,012	64,557,951	51,030,593
Total Net Assets	<u>\$71,202,250</u>	<u>\$78,768,892</u>	<u>\$84,930,355</u>	<u>\$74,756,817</u>	<u>\$63,155,547</u>

Capitalization

	December 31				
	1970	1969	1968	1967	1966
Senior Capital at Redemption Prices: —					
Class "A" Shares	\$ 1,567,110	\$ 1,567,110	\$ 1,567,110	\$ 1,567,110	\$ 1,567,110
Preferred Shares	6,179,565	6,179,565	6,179,565	6,179,565	6,179,565
Total Senior Capital	7,746,675	7,746,675	7,746,675	7,746,675	7,746,675
*Class "B" Equity	63,455,575	71,022,217	77,183,680	67,010,142	55,408,872
	<u>\$71,202,250</u>	<u>\$78,768,892</u>	<u>\$84,930,355</u>	<u>\$74,756,817</u>	<u>\$63,155,547</u>

*Percentage of Common Stocks & Convertibles to Class "B" Equity —

1970: 102.4%, 1969: 96.4%, 1968: 98.7%, 1967: 96.3%, 1966: 92.1%.

Distribution of Investments

December 31, 1970 (with comparative market values and percentages for December 31, 1969)

	1970		1969	
	Market Value	Percentage	Market Value	Percentage
Cash, Short Term Notes, etc. — net	\$ 624,450	0.88%	\$ 2,541,012	3.22%
Canadian Government & Guaranteed Bonds	4,603,200	6.46%	6,825,125	8.67%
Canadian Provincial & Provincial Guaranteed Bonds	118,650	0.17%	111,300	0.14%
Preferred Stocks	854,775	1.20%	823,031	1.05%
Convertibles	2,044,200	2.87%	1,432,850	1.81%
Common Stocks	62,956,975	88.42%	67,035,574	85.11%
	<u>\$71,202,250</u>	<u>100.00%</u>	<u>\$78,768,892</u>	<u>100.00%</u>

Geographical distribution at Decmber 31, 1970 was:

Canada	United States
88.60%	11.40%

UNITED CORPORATIONS LIMITED

Portfolio of Investments as at December 31, 1970

No. of Shares or Par Value					Market Value	Percent of Total Net Assets
Canadian Government Bonds						
\$ 275,000	Canada	7%	1973	\$	287,100	
200,000	Canada	5%	1973		201,100	
500,000	Canada	6%	1974		516,875	
700,000	Canada	5½ %	1974		700,000	
1,000,000	Canada	7¼ %	1975		1,073,750	
1,750,000	Canada	7%	1977		1,824,375	
					<u>\$ 4,603,200</u>	6.46
Canadian Provincial & Guaranteed Bonds						
\$ 100,000	Hydro-Electric Power Commission of Ontario	6%	1972	\$	99,250	
20,000	Province of Quebec	6%	1972		19,400	
					<u>\$ 118,650</u>	0.17
Preferred Stocks — Excluding Convertibles						
900	Anglo-Canadian Telephone Company	\$2.65		\$	32,400	
1,000	Anglo-Canadian Telephone Company	\$2.90			37,250	
6,000	Consolidated-Bathurst Limited	6%			96,000	
1,875	Gaz Metropolitain Incorporated	5.50%			125,625	
2,500	Gaz Metropolitain Incorporated	5.40%			167,500	
4,000	Third Canadian General Investment Trust Limited	\$2.50			136,000	
5,000	Trans-Canada Pipe Lines Limited	\$2.80			205,000	
2,000	Westfair Foods Limited	"A"			52,000	
					<u>\$ 851,775</u>	1.20
Banks						
95,000	Bank of Montreal			\$	1,401,250	
86,000	Canadian Imperial Bank of Commerce				1,720,000	
85,000	The Royal Bank of Canada				1,955,000	
40,000	Toronto-Dominion Bank				795,000	
					<u>\$ 5,871,250</u>	8.25
Beverages						
30,000	Distillers Corporation-Seagrams Limited			\$	1,500,000	
50,000	John Labatt Limited				1,118,750	
45,000	Hiram Walker-Gooderham & Worts Limited				1,777,500	
					<u>\$ 4,396,250</u>	6.17
Chemical						
155,000	Chemcell Limited			\$	794,375	1.11
Construction & Material						
35,000	Canada Cement Lafarge Limited			\$	1,330,000	1.87
General Manufacturing						
10,000	I.T.L. Industries Limited	6½ % Conv. Pfd.		\$	181,250	
8,800	I.T.L. Industries Limited				41,800	
60,000	International Systcoms Limited				60,000	
					<u>\$ 283,050</u>	0.40

No. of Shares or Par Value		Market Value	Percent of Total Net Assets
Industrial Mines			
30,000	Alcan Aluminium Limited	\$ 697,500	
55,000	Canadian Reynolds Metals Company Conv. Pfd.	986,700	
12,000	Falconbridge Nickel Mines Limited	1,704,000	
45,000	International Nickel Co. of Canada Limited	2,053,125	
50,000	Noranda Mines Limited	1,450,000	
57,000	Sherritt Gordon Mines Limited	919,125	
		<u>\$ 7,810,450</u>	10.97
Merchandising			
52,000	D'Allaird Manufacturing Company Limited	\$ 403,000	
70,000	Simpsons, Limited	1,242,500	
57,600	Woodward Stores Limited "A"	1,065,600	
		<u>\$ 2,711,100</u>	3.81
Oil Refining			
40,000	Gulf Oil Canada Limited	\$ 815,000	
40,000	Imperial Oil Limited	805,000	
		<u>\$ 1,620,000</u>	2.28
Paper & Forest Products			
110,000	Domtar Limited	\$ 1,663,750	
50,000	MacMillan, Bloedel Limited	1,350,000	
		<u>\$ 3,013,750</u>	4.23
Pipelines			
17,000	Alberta Gas Trunk Line Company Limited "A"	\$ 824,500	
40,000	Interprovincial Pipe Line Company	1,110,000	
2,000	Trans-Canada Pipe Lines Limited \$2.75 Conv. Pfd.	131,000	
35,000	Trans-Canada Pipe Lines Limited	1,233,750	
27,500	Westcoast Transmission Company Limited	567,188	
		<u>\$ 3,866,438</u>	5.43
Real Estate			
8,400	Campeau Corporation Limited	\$ 32,340	
24,000	Canadian Interurban Properties Limited7% Conv. Pfd.	186,000	
		<u>\$ 218,340</u>	0.30
Steel			
65,000	Algoma Steel Corporation Limited	\$ 975,000	
65,000	Dominion Foundries and Steel Limited	1,551,875	
71,000	Steel Company of Canada Limited	1,908,125	
		<u>\$ 4,435,000</u>	6.23
Trust & Loan			
120,000	IAC Limited	\$ 2,040,000	
25,000	The Investors Group 5% Conv. Pfd.	481,250	
52,000	The Investors Group "A"	403,000	
		<u>\$ 2,924,250</u>	4.11
Utility			
40,000	Bell Canada	\$ 1,880,000	
17,000	British Columbia Telephone Company	1,088,000	
60,000	Northern & Central Gas Corporation Limited	930,000	
		<u>\$ 3,898,000</u>	5.47

No. of Shares or Par Value	Market Value	Percent of Total Net Assets
Miscellaneous Industrials		
40,000 Atco Industries Limited	\$ 360,000	
25,850 Bombardier Limited "A"	336,050	
35,000 Canada Steamship Lines Limited	971,250	
20,000 Canadian Pacific Railway Company	1,367,500	
48,000 Consumers Glass Company Limited	696,000	
60,000 Famous Players Canadian Corporation Limited	622,500	
6,000 Famous Players Canadian Corporation Limited Warrants	9,000	
2,450 Interior Trust Company	275,875	
605,185 International Capital Corporation Ltd.	605,185	
35,000 International Utilities Corporation	1,277,500	
65,000 Moore Corporation Limited	2,258,750	
35,000 Multiple Access General Computer Corporation Limited	87,500	
130,000 Systems Dimensions Limited 5% Conv. 1989	78,000	
20,000 Systems Dimensions Limited	170,000	
60,000 United Bond & Share Limited	60,000	
	<u>\$ 9,175,110</u>	12.89
Base Metals		
50,000 Brameda Resources Limited	\$ 115,000	
32,500 Great Lakes Nickel Limited	105,625	
52,322 Great Lakes Nickel Limited Options	7,848	
29,000 Labrador Mining and Exploration Company Limited	971,500	
	<u>\$ 1,199,973</u>	1.68
Western Oil		
20,000 Aquitaine Company of Canada Limited	\$ 520,000	
20,000 Bow Valley Industries Limited	385,000	
8,500 Home Oil Company Limited "A"	231,625	
8,500 Home Oil Company Limited "B"	233,750	
34,000 Husky Oil Limited	514,250	
24,800 Union Oil Company of Canada Limited	1,066,400	
60,000 Western Decalta Petroleum Limited	390,000	
	<u>\$ 3,341,025</u>	4.69
American Securities		
22,000 Brockway Glass Company	\$ 735,075	
9,000 Celanese Corporation of America	571,809	
3,000 International Business Machines Corporation	965,165	
30,000 Marcor Incorporated	888,468	
15,000 May Department Stores Company	501,187	
22,500 McNeil Corporation	375,890	
1,000 National Data Corporation	172,125	
17,000 Southern Natural Gas Company	1,028,446	
15,000 Texas Eastern Transmission Corporation	615,093	
10,000 Texas Utilities Company	617,625	
35,000 Uniroyal Incorporated	766,335	
13,000 Westinghouse Electric Corporation	878,596	
	<u>\$ 8,115,814</u>	11.40
Cash, etc. — Net	624,450	0.88
Net Assets at market value — December 31, 1970	<u><u>\$71,202,250</u></u>	<u>100.00%</u>

Head Office

800 Dorchester Blvd. West
Montreal 101, Que.

Shares Listed

Class "A", 1959 Series Preferred and Class "B" shares are listed on the London, England, Montreal and Toronto Stock Exchanges. 1963 Series Preferred shares are listed on the Montreal and Toronto Stock Exchanges.

Transfer Agent

Montreal Trust Company
Shares transferable at Montreal, Toronto, Halifax, Winnipeg, Regina, Calgary and Vancouver.

Registrar

The Royal Trust Company

Auditors

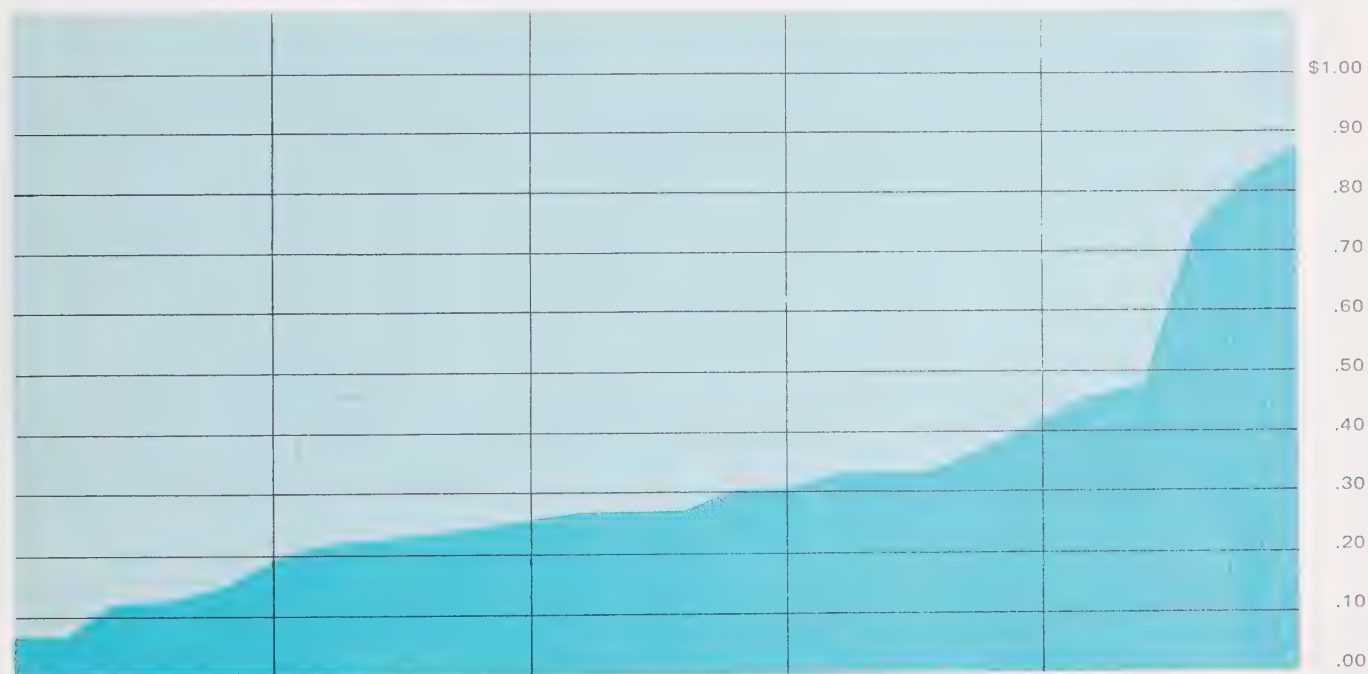
Price Waterhouse & Co.

Dividend Dates

Dividends on all classes of shares are being paid quarterly on February 15, May 15, August 15, November 15.

Dividends and Taxes

We are advised that Canadian resident individual shareholders are entitled to claim the 20% Canadian income tax credit on their dividends. A 10% Canadian withholding tax is presently exigible on all dividends paid to non-residents. Non-resident shareholders are advised to consult their tax authorities in respect of possible relief for which credit may be claimed on dividends received from this Corporation.

Dividends declared per class "B" share**Net equity for class "B" per share**

AR02

***Comparative Statement of
Unrealized Appreciation (Depreciation) of Investments***

For the 6 months ended June 30

	<u>1970</u>	<u>1969</u>
Balance, beginning of year	\$11,649,889	\$23,288,187
(Decrease) during period	<u>(14,077,468)</u>	<u>(9,729,239)</u>
Balance, end of period	<u>\$ (2,427,579)</u>	<u>\$13,558,948</u>

UNITED CORPORATIONS LIMITED

Report for the 6 months ended June 30, 1970 ✓



United Corporations Limited

To the Shareholders

The uncertain market conditions prevailing in 1969 and in the first quarter of 1970 were followed by a substantial drop in stock prices in the second quarter. The decline was not peculiar to the North American markets but was felt generally in all financial centres throughout the world. As an indication, the Toronto Stock Exchange

Industrial Index decreased by 18.2% from March 31st to June 30th, 1970. During this same period our indicated net equity value per Class "B" Share declined from \$19.13 to \$15.43 or 19.4%.

The customary five year record of month-end net equity values is set out below:—

	<i>Jan.</i>	<i>Feb.</i>	<i>Mar.</i>	<i>Apr.</i>	<i>May</i>	<i>June</i>	<i>July</i>	<i>Aug.</i>	<i>Sept.</i>	<i>Oct.</i>	<i>Nov.</i>	<i>Dec.</i>
1965.....	\$16.83	16.87	16.55	16.95	16.71	15.59	15.40	15.99	16.31	16.68	16.37	16.80
1966.....	\$17.55	17.38	17.00	17.50	16.77	16.84	16.58	15.38	15.13	15.40	15.43	15.94
1967.....	\$17.17	17.33	18.09	18.74	17.90	18.54	19.33	19.08	19.61	18.57	18.69	19.11
1968.....	\$17.92	17.08	16.61	18.56	18.72	19.61	19.48	19.84	21.03	21.25	21.95	21.98
1969.....	\$22.17	21.24	21.81	22.16	22.85	20.50	19.34	20.39	20.12	20.28	20.71	20.20
1970.....	\$19.00	19.21	19.13	17.52	15.58	15.43						

Note—In order to provide an accurate measurement of investment results net income is excluded from all except the year-end figures above.

As can be seen from the Statement of Income, net income for the first half of 1970 was \$1,252,436, an increase of \$185,896 from the corresponding figure of \$1,066,540 for the first six months of 1969. After provision for six months' dividends on the Class "A" and First Preferred Shares, net income available for the Class "B" Shares was \$1,063,259 or 30.2¢ per share as against \$876,862 or 24.9¢ per share for the same period of last year. Of this increase of 5.3¢ approximately 4.3¢ is accounted for by the change from the "cash" to the "accrual" method of calculating dividend income mentioned in the 1969 Annual Report.

July 13th, 1970

At their quarterly meeting held on June 16th, 1970, in addition to the regular dividends on the Class "A" and First Preferred Shares your Directors declared a quarterly dividend of 12 cents per Class "B" Share and an extra dividend of 2 cents per Class "B" Share, payable August 14th to shareholders of record July 31st. The aggregate amount of these dividends is shown as a charge against income in the accompanying Statement of Changes in Net Assets.

All figures for June 30th are subject to audit.

J. V. EMORY,
President



Comparative Statement of Changes in Net Assets

For the 6 months ended June 30

	1970	1969
Net assets, beginning of year	\$78,768,892	\$84,930,355
Net income	1,252,436	1,066,540
Net realized (loss) gain on sale of investments*	(1,440,164)	5,655,085
Proceeds from issue of capital stock	—	46,125
Net (decrease) in unrealized appreciation of investments	(14,077,468)	(9,729,239)
Dividends paid	(2,886,773)	(2,155,816)
Non-recurring expenses	—	(500)
Net assets end of period	<u>61,616,923</u>	<u>79,812,550</u>
 Deduct:		
Redemption value of Class 'A' and First Preferred Shares	7,746,675	7,746,675
Net assets, applicable to Class 'B' Shares	<u>\$53,870,248</u>	<u>\$72,065,875</u>
Number of shares outstanding at end of period	<u>3,515,873</u>	<u>3,515,873</u>
 Net asset value per Class 'B' Share at beginning of year	\$20.20	\$21.98
Net asset value per Class 'B' Share at end of period	\$15.32	\$20.49
% (decrease)	(24.2%)	(6.7%)
Net investment income per Class 'B' Share	30.2¢	24.9¢
Distribution per Class 'B' Share	74.0¢	56.0¢
 * Aggregate proceeds from sale of investments	\$ 9,966,792	\$19,424,641
 Deduct: Cost of investments sold—		
Aggregate cost of investments owned at beginning of year	64,577,991	58,997,072
Aggregate cost of purchases of investments	7,804,866	15,100,860
	<u>72,382,857</u>	<u>74,097,932</u>
Aggregate cost of investments owned at end of period	60,975,901	60,328,376
	<u>11,406,956</u>	<u>13,769,556</u>
Net realized (loss) gain on sale of investments	<u>\$ (1,440,164)</u>	<u>\$ 5,655,085</u>

Comparative Statement of Income

For the 6 months ended June 30

	1970	1969
Income:		
Dividends and interest	\$1,448,681	\$1,259,528
Less: Withholding taxes	15,818	25,117
	<u>1,432,863</u>	<u>1,234,411</u>
 Expenses:		
Management expenses	\$87,361	\$73,767
Fees and expenses of trustee, registrar and transfer agents ..	14,520	13,552
Directors' remuneration	25,774	30,124
Taxes other than income taxes	1,559	2,552
Audit fees	4,792	7,068
Miscellaneous expenses	10,208	8,270
Staff pension plan (current premium)	6,213	5,538
	<u>150,427</u>	<u>140,871</u>
Income for the six months before taxes	1,282,436	1,093,540
Provision for taxes on income	30,000	27,000
Net income for the six months	<u>\$1,252,436</u>	<u>\$1,066,540</u>



United Corporations Limited

Portfolio of Investments as at June 30, 1970

No. of Shares or Par Value				Market Value	% of Total Net Assets
CANADIAN GOVERNMENT BONDS					
\$1,500,000	Canada	Conv.	6%	1971	\$1,495,500
275,000	Canada		7%	1973	277,200
2,050,000	Canada		5%	1973	1,942,375
700,000	Canada		5½%	1974	651,000
1,750,000	Canada		7%	1977	1,701,875
					<u>\$6,067,950</u>
					9.85
PROVINCIAL & GUARANTEED BONDS					
\$ 100,000	Hydro-Ontario		6%	1972	\$ 94,750
20,000	Quebec		6%	1972	18,600
					<u>\$ 113,350</u>
					.18
PREFERRED STOCKS—EXCLUDING CONVERTIBLES					
900	Anglo-Cdn. Telephone	\$2.65			\$ 27,000
1,000	Anglo-Cdn. Telephone	\$2.90			34,750
6,000	Cons.-Bathurst	6%			99,000
1,875	Gaz Metropolitain	5½%			110,391
2,500	Gaz Metropolitain	5.40%			154,062
4,000	Third Cdn. Genl. Invest.	\$2.50			140,000
5,000	Trans-Can. Pipe Lines	\$2.80			175,000
2,000	Westfair Foods	"A"			55,250
					<u>\$ 795,453</u>
					1.29
BANKS					
92,000	Bank of Montreal				\$1,391,500
86,000	Cdn. Imperial Bank				1,655,500
84,000	Royal Bank				1,764,000
40,000	Toronto-Dominion Bank				700,000
					<u>\$5,511,000</u>
					8.94
BEVERAGES					
30,000	Distillers-Seagrams				\$1,335,000
50,000	John Labatt				1,100,000
45,000	Hiram Walker				1,811,250
					<u>\$4,246,250</u>
					6.89
CHEMICAL					
155,000	Chemcell				\$ 744,000
					1.21
CONSTRUCTION & MATERIAL					
35,000	Canada Cement Lafarge				\$1,190,000
					1.93
GENERAL MANUFACTURING					
10,000	I.T.L. Industries	6½% Conv. Pfd.			\$ 175,000
8,800	I.T.L. Industries				48,400
60,000	Intl. Systcoms				30,000
7,800	Leigh Instruments				86,775
30,000	Robert Morse	"A"			315,000
					<u>\$ 655,175</u>
					1.06
INDUSTRIAL MINES					
30,000	Alcan Aluminium				\$ 652,500
55,000	Cdn. Br. Aluminium	"A"			941,875
20,000	Falconbridge				2,815,000
40,000	Intl. Nickel				1,570,000
50,000	Noranda				1,337,500
60,000	Sherritt Gordon				1,065,000
					<u>\$8,381,875</u>
					13.60
MERCHANDISING					
52,000	D'Allaird				\$ 403,000
80,000	Simpsons				1,260,000
60,000	Woodward	"A"			907,500
					<u>\$2,570,500</u>
					4.17
OIL REFINING					
40,000	Gulf Oil Canada				\$ 585,000
40,000	Imperial Oil				605,000
					<u>\$1,190,000</u>
					1.93
PAPER & FOREST PRODUCTS					
110,000	Domtar				\$1,471,250
50,000	MacMillan, Bloedel				1,175,000
					<u>\$2,646,250</u>
					4.30

No. of Shares or Par Value				Market Value	% of Total Net Assets
PIPELINES					
4,500	Trans-Can. Pipe Lines	\$2.75 Conv. Pfd.			\$ 229,500
25,000	Trans-Can. Pipe Lines				637,500
45,000	Westcoast Transmission				725,625
					<u>\$1,592,625</u>
					2.59
REAL ESTATE					
8,400	Campeau				\$ 27,300
24,000	Cdn. Interurban Prop.	7% Conv. Pfd.			159,120
					<u>\$ 186,420</u>
					.30
STEEL					
65,000	Algoma Steel				\$ 796,250
65,000	Dom. Fdries & Steel				1,267,500
71,000	Steel of Canada				1,517,625
					<u>\$3,581,375</u>
					5.81
TRUST & LOAN					
120,000	IAC				\$1,695,000
25,000	Investors Group	5% Conv. Pfd.			431,250
52,000	Investors Group	"A"			331,500
					<u>\$2,457,750</u>
					3.99
UTILITY					
20,000	Bell Canada				\$ 840,000
17,000	B.C. Telephone				969,000
					<u>\$1,809,000</u>
					2.94
MISCELLANEOUS INDUSTRIALS					
40,000	Atco Industries				\$ 335,000
25,850	Bombardier	"A"			316,663
35,000	Can. Steamship				770,000
17,000	C.P.R.				892,500
48,000	Consumers Glass				684,000
60,000	Famous Players				570,000
6,000	Famous Players	Warrants			6,300
2,450	Interior Trust				269,500
605,185	Intl. Capital				605,185
35,000	Intl. Utilities				691,250
65,000	Moore				1,885,000
35,000	Multiple Access Genl. Computer				105,000
123,000	St. Maurice Gas				77,490
130,000	Systems Dimensions	Conv. 5% 1989			88,400
20,000	Systems Dimensions				130,000
60,000	United Bond & Share				60,000
					<u>\$7,486,288</u>
					12.15
BASE METALS					
40,000	Bethlehem Copper				\$ 555,000
56,500	Bramedia Resources				152,550
32,500	Gt. Lakes Nickel				130,000
52,322	Gt. Lakes Nickel Options				7,848
20,000	Kaiser Resources				285,000
29,000	Labrador Mining				826,500
200,000	Wollaston Lake Mines				66,000
					<u>\$2,022,898</u>
					3.28
WESTERN OIL					
20,000	Aquitaine				\$ 320,000
20,000	Bow Valley				195,000
3,500	Home Oil	"A"			46,375
8,500	Home Oil	"B"			130,687
34,000	Husky Oil				242,250
24,800	Union Oil of Canada				744,000
60,000	Western Decalta				234,000
					<u>\$1,912,312</u>
					3.11
AMERICAN SECURITIES					
22,000	Brockway Glass	"A"			\$ 591,580
9,000	Celanese of America				502,740
8,000	Marcor				336,160
21,000	McNeil				266,070
15,000	Otis Elevator				729,150
10,000	Texas Utilities				528,800
20,000	Uniroyal				325,800
22,500	Varo				107,550
					<u>\$3,387,850</u>
					5.50
CASH, etc.—NET					
					\$3,068,602
					4.98
NET ASSETS					
					<u>\$61,616,923</u>
					100.00%